



# ***CDBG/CDBG-CV***

***HUD, Office of Block Grant Assistance  
Entitlement Communities Division***



# POLL QUESTION 1

What is your level of distinguishing CDBG-CV requirements from CDBG requirements?

- Beginner - “What is the difference?”
- Some experience - “I am familiar with the CARES Act, CDBG-CV Notice and the guidance provided on the HUD Exchange.”
- Expert – “I can cite the differences between the annual formula CDBG program and the CDBG-CV program in my sleep.”

# OVERVIEW



# CDBG PROGRAM AUTHORITY

- Title I of the Housing and Community Development Act of 1974, as amended.
- 24 CFR Part 570
- NOTE: CDBG is also referred to as the annual formula program.

# CDBG PRIMARY OBJECTIVES

- Development of viable urban communities, *principally for low/mod persons*, through:
  - Decent housing
  - Suitable living environment
  - Expanded economic opportunity

# CDBG-CV PROGRAM AUTHORITY

- On March 27, 2020, the President signed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) (Public Law 116-136) into law.
- The CARES Act awarded \$5 billion in supplemental Community Development Block Grant (CDBG) funding for grants to prevent, prepare for, and respond to coronavirus (CDBG-CV grants).

# CDBG-CV PROGRAM AUTHORITY (CONT.)

- Title XII, Division B of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).
- FR-6218-N-01, Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs.

# CDBG-CV PRIMARY OBJECTIVE

- In accordance with the CARES Act, CDBG-CV funds may only be used for activities that prevent, prepare, or respond (PPR) to coronavirus.
- Activities that do not meet these requirements cannot be assisted with CDBG-CV funds.
- It is important that grantees document the tieback to PPR.
- In accordance with the CCDBG-CV Notice, HUD is not prohibiting grantees from carrying out any particular CDBG eligible activity described in the Housing and Community Development Act and the 24 CFR part 570 regulations, because other CDBG eligible activities, such as acquisition, can justifiably be used to fulfill the CARES Act purposes depending upon the circumstances.



# CDBG and CDBG-CV PARTNERS

- HUD's key partners in CDBG and CDBG-CV programs include:
  - Entitlement Communities (cities and urban counties)
  - States & Units of General Local Government (UGLGs)
  - Subrecipients, Community Based Development Organizations (CBDOs) and Community Development Financial Institutions (CDFIs)
  - Contractors

# SUBRECIPIENT DEFINED

- A Public or Private nonprofit organization/agency receiving CDBG funds from grantees for eligible activities.
  - A for-profit agency assisting microenterprises may also be a subrecipient.
  - Institutions of higher education may be subrecipients.
  - Nonprofits that acquire or rehab residential housing with CDBG funds NOT considered subrecipients if that is the only activity.
- Who is not a subrecipient?
  - CBDOs are not automatically subrecipients
  - Procured contractors are not subrecipients
  - Beneficiaries of assistance are not subrecipients

# SUBRECIPIENT AGREEMENTS

- A written agreement **MUST** be executed before funds are disbursed
- Minimal required elements:
  - Statement of work
  - Records and reports
  - Treatment of Program income
  - Uniform administrative & other federal requirements
  - Suspension/termination & reversion of assets
  - Conditions for religious organizations
  - See manual and regulations for more elements
- Regulatory Citation: 24 CFR 570.503



# COMMUNITY BASED DEVELOPMENT ORGANIZATIONS

- Reg cite 24 CFR 570.504
- CBDOs may carry out only certain types of projects:
  - Neighborhood revitalization
  - Community economic development
  - Energy conservation
- All activities undertaken by a CBDO *must* fall into 1 of these 3 categories.

# CBDOs vs. SUBRECIPIENTS

- CBDO is not automatically a subrecipient; grantee may decide how to treat the organization.
- Implications:
  - Program income
  - Reversion of assets
  - Written agreement requirements
  - Uniform administrative requirements, including reversion of assets

# COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

- A community-based lending institution
- CDFI fund managed by the Department of Treasury
- CDFIs have these characteristics:
  - Promote community development
  - Serve an *investment area or targeted population*
  - Provide loans or development investments and development services
  - Maintain accountability to residents
  - Are not an agency of government

# CDFI FLEXIBILITIES

- Special consideration for CDFI activities under CDBG regulations
- Flexibilities apply regardless of whether CDFI funded by Treasury program or not
- For any CDFI, may aggregate jobs created/retained by all businesses for determining low/mod benefit

# ACTIVITY SELECTION PROCESS

- Subrecipients, CBDOs and CDFIs may be chosen by the grantee in any manner
- Four typical models:
  - Formal application process (or RFP)
  - Limited application process
  - RFQ process
  - Open door (unsolicited) process
- Most grantees use a combination



# THE CONSOLIDATED PLAN



# THE CONSOLIDATED PLAN

- A HUD approved three- to five-year plan describing the jurisdiction's community development priorities and multiyear goals based on an assessment of housing and community development needs, an analysis of housing and economic market conditions and available resources.
- Community needs determine what activities to fund with input from stakeholders and the public.

# THE CONSOLIDATED PLAN (CONT.)

- Components of the Consolidated Plan
  - Lead agency description
  - Housing and homeless needs assessment
  - Housing market analysis
  - Strategic plan
  - One-year action plan

# THE CONSOLIDATED PLAN (CONT.)

- Requires citizen participation
- HUD reviews and approves Consolidated Plan
  - Submitted to local field office at least 45 days prior to start of program year
- Regular and substantial amendments can be made
- Annual performance reporting measured against Consolidated Plan goals and activities

# THE CONSOLIDATED PLAN

## CDBG-CV

- CDBG-CV grantees were encouraged to do a substantial amendment to their most recently approved Consolidated Plan/Action Plans when applying for their CDBG-CV grants from the first round of funding.
- Grantees were allowed to do a substantial amendment only to their 2019 or 2020 Plans to apply for their CDBG-CV funds.
- To apply for their CDBG-CV grants from subsequent rounds of funding, a substantial amendment had to be made to the same year's Plan.

# THE CONSOLIDATED PLAN CDBG-CV (CONT.)

- Waivers were issued allowing grantees to provide their citizens with the opportunity to comment on substantial amendments to the Consolidated Plan/Action Plan to not less than five days.
- These waivers also allowed grantees to determine what constituted reasonable notice and opportunity to comment, given their circumstances, for the 2020 program year.
- These waivers were in effect until the end of the 2020 program year for CDBG-CV grantees.
- Provisions waived - 24 CFR 91.105(c)(2) and (k), 24 CFR 91.115(c)(2) and (i) and 24 CFR 91.401.

# THE CONSOLIDATED PLAN CDBG-CV (CONT.)

- The CARES Act authorized grantees to hold virtual hearings rather than in-person hearings.
- This was allowed for CDBG-CV and 2019 and 2020 CDBG grants for as long as national or local health authorities recommended social distancing and limiting public gatherings for public health reasons.
- Virtual hearings were required to provide reasonable notification and access for citizens in accordance with the grantee's certifications, timely responses from local officials to all citizen questions and issues, and public access to all questions and responses.

# THE CONSOLIDATED PLAN CDBG-CV (CONT.)

- HUD waived 24 CFR 91.505 to require CDBG-CV grantees to submit their CDBG-CV substantial amendments to HUD for review and approval.
- To receive their CDBG–CV grants, grantees were also required to submit a SF–424, SF–424D, and the certifications at 24 CFR 91.225(a) and (b) (entitlements) or 24 CFR 91.325(a) and (b) (states).



# THE CONSOLIDATED PLAN CDBG-CV (CONT.)

- The regulations requiring grantees to certify that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds to be consistent with the strategic plan portion of the consolidated plan were waived.
- HUD put an alternative requirement in place to allow grantees to submit those certifications when the grantee submits its next full (three to five year) consolidated plan due after the 2020 program year.
- Provisions waived - 24 CFR 91.225(a)(5) for Entitlements and 24 CFR 91.325(a)(5) for States.

# REPORTING REQUIREMENTS

- Annual report called Consolidated Annual Performance and Evaluation Report (CAPER)
- States submit a Performance Evaluation Report (PER)
  - CPD Notice 16-10
- Grantees are required to report on all CDBG and CDBG-CV activities carried out during the program year.

# CAPER CONTENTS

- CAPER/PER must include two major parts:
  - Narrative component
    - Consolidated Plan progress elements
    - CDBG-specific elements
    - Affirmatively Furthering Fair Housing and Analysis of impediments (AI) strategies and actions
  - Financial reports

# SUBMISSION & REVIEW OF THE CAPER/PER

- Grantee must submit annual report to HUD within 90 days of close of program year.
- Prior to submission, grantee must make report available to public for at least 15 days.
- Grantee must summarize comments and make final report available to public.
- For CDBG-CV, grantees that amended their 2019 Action Plans were given 180 days to submit their 2019 CAPERs.

# RECORDKEEPING REQUIREMENTS

- Appropriate documentation necessary to ensure compliance
- Major categories of records to be kept:
  - General administrative
  - Financial
  - Project/activity specific documents
  - National objective compliance
  - Subrecipients, CBDOs, CDFIs
  - Other Federal requirements
- Have a strong and comprehensive filing system
- Use checklists, logs and cross indexing

# RECORD RETENTION

- Record retention
  - Entitlements maintain records for **four years** from the date of execution of the closeout agreement.
  - States and UGLGs maintain records for three years following closeout.
  - Records for individual activities subject to the reversion of assets provisions or the change of use provisions must be maintained for three years after those provisions no longer apply to the activity.
  - Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained for three years after the receivables or liabilities have been satisfied.
- Public access to records
  - Citizens must have reasonable access and provided timely information
  - HUD, IG, Comptroller General have access

# POLL QUESTION 2

Why is recordkeeping important for CDBG and CDBG-CV grantees and subrecipients?

- Compliance with the requirements in the CARES Act, CDBG-CV Notice, 24 CFR Part 570, 24 CFR 570.502 and 570.506.
- If it is not documented, it did not occur.
- Necessary when requesting reimbursement or payment.
- All of the above.

# CDBG ELIGIBLE ACTIVITIES



- Wide variety possible
  - Housing & other Real Property Activities
  - Public Facilities & Public services
  - Economic Development Activities
  - Subrecipient, CBDO & CDFI Activities
  - Other Activities
  - Planning and Administration Costs
- Regulation cites: 24 CFR 570.201 – 24 CFR 570.206, 24 CFR 570.482
- Statutory cites at HCD Act, Section 105
  - See other modules for more details on eligible activities